

Message Text

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FM AMEMBASSY BERLIN

TO SECSTATE WASHDC IMMEDIATE 1219

C O N F I D E N T I A L BERLIN 6183

E.O. 11652: GDS

TAGS:GGEN, ETRD, PFOR, GE, US

SUBJECT: US/GDR TRADE TALKS

REF: (A) STATE 195630; (B) BERLIN 6118

1. TO SUMMARIZE THE EMBASSY'S MEETING AUGUST 19 WITH THE MINISTRY OF FOREIGN TRADE (SCHMIED), THE GDR REMAINS ON A DIFFERENT WAVELENGTH FROM THE USG AS CONCERNS THE FORM AND CONTENT OF THE PLANNED VISIT OF COMMERCE DEPUTY ASST. SECRETARY DOWNEY. THE MFT IS EXPLICIT IN EXPRESSING A WELCOME TO DOWNEY AT THE FAIR, BUT THEY HAVE APPARENTLY CHOSEN TO SIDESTEP THE QUESTION OF TRADE TALKS. THE LATEST VERSION OF THE PROGRAM PROPOSED BY THE GDR FOR DOWNEY'S VISIT IS THE SAME AS FIRST PRESENTED (REF B), WITH THE NEW WRINKLE THAT DOWNEY BE ON HAND WITH THE AMBASSADOR OR AT A U.S. EXHIBITORS STAND (UNION CARBIDE) SUNDAY MORNING TO RECEIVE A BRIEF VISIT BY HONECKER OR SINDERMANN DURING THE "STATE AND PARTY" WALK THROUGH BY THE LEADERSHIP THAT TRADITIONALLY OPENS THE FAIR.

2. THE EMBASSY'S ECON/COMMERCIAL OFFICER BEGAN THE
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AUGUST 19 MEETING BY HANDING SCHMIED THE LIST OF U.S.

TALKS PARTICIPANTS CONSISTING OF REF A NAMES PLUS THAT OF DCM GROVE. THIS PROMPTED SCHMIED TO ASK SEVERAL QUESTIONS ABOUT RANK COMPARISONS OF GDR AND US OFFICIAL TITLES. EMBOFF REPLIED FACTUALLY AND STRESSED THE FAR LARGER SCOPE OF RESPONSIBILITY OF US CABINET DEPARTMENTS IN COMPARISON WITH MORE SPECIALIZED GDR MINISTRIES.

3. SCHMIED THEN PRONOUNCED MR. DOWNEY AND COLLEAGUES WELCOME IN LEIPZIG AND SAID HIS VISIT WOULD PROVIDE AN OPPORTUNITY FOR CONVERSATIONS WITH GDR OFFICIALS. THE DOWNEY PROGRAM WOULD BE AS OUTLINED AUGUST 4 (REF B) WITH THE EXCEPTION THAT THE GDR WOULD LIKE TO GREET MR. DOWNEY OFFICIALLY ON HIS ARRIVAL AND WOULD LIKE HIM TO BE PRESENT WITH AMBASSADOR COOPER, IF POSSIBLE, SUNDAY MORNING AUGUST 31, AT ABOUT 10:00 AM TO BE GREETED BY THE "STATE AND PARTY" DELEGATION AS IT MAKES ITS ROUND AT THE FAIR'S OPENING. THE GDR PROPOSES THAT FOR THIS PURPOSE THE AMBASSADOR AND MR. DOWNEY BE AT UNION CARBIDE'S STALL. MONDAY'S PROGRAM WILL BE ORGANIZED BY THE FAIR AUTHORITY AND WILL INCLUDE A MEETING WITH THE FAIR AUTHORITY DIRECTOR GENERAL (WONSACK). ON TUESDAY MORNING DOWNEY WILL MEET WITH THE DIRECTORS GENERAL OF SIX TO EIGHT FOREIGN TRADE ORGANIZATIONS WITH SIGNIFICANT POTENTIAL FOR EXPORT AND IMPORT TRADE WITH THE UNITED STATES. TUESDAY AFTERNOON DOWNEY, LORIMER AND EMBASSY REPRESENTATIVES WILL MEET WITH BEIL TO REVIEW DOWNEY VISIT AND DISCUSS "FURTHER STEPS" IN DEVELOPMENT OF THE BILATERAL TRADE RELATIONSHIP.

4. EMBOFF THEN REVIEWED FOR SCHMIED THE ORIGINAL U.S. TALKS PROPOSAL AS PRESENTED AUGUST 4, INCLUDING THE U.S. DESIRE THAT AN AGENDA BE AGREED BEFOREHAND. SCHMIED SAID HE SEES NO GREAT DIFFERENCE BETWEEN THE US CONCEPTION AND PROGRAM AS PLANNED. THE MEETINGS WITH FTO DIRECTORS GENERAL AND WITH BEIL WILL PROVIDE AN OPPORTUNITY FOR THE EXCHANGE OF INFORMATION ENVISIONED BY THE U.S. AS FOR AGENDA, THE FTO

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DIRECTORS-GENERAL WILL BE INTERESTED IN MARKET CONDITIONS AND TECHNICAL FACTORS AFFECTING THE MARKETING OF THEIR PRODUCTS.

5. EMBOFF SAID HE WOULD REFER PROPOSED PROGRAM TO WASHINGTON FOR REACTION. CONCERNING STATE AND PARTY WALKTHROUGH, IT IS POSSIBLE THE USG WILL HAVE DIFFICULTY SINGLING OUT UNION CARBIDE FOR ATTENTION WITH 39 OTHER

US FIRMS IN ATTENDANCE. SCHMIED SAID IT WAS NOT USG, BUT GDR THAT SINGLED OUT UNION CARBIDE, BASED ON PROMINENT LOCATION OF BOOTH ON WALKTHROUGH ROUTE AND HISTORY OF GOOD RELATIONSHIP WITH UNION CARBIDE. SCHMIED SAID AMPLE PRECEDENT EXISTS FOR WALKTHROUGH TO VISIT ONLY ONE FIRM OF A COUNTRY WITH MANY FIRMS EXHIBITING AT THE FAIR.

6. WE SUPPOSE THERE ARE SEVERAL FACTORS INVOLVED IN THE GDR'S HANDLING OF OUR TALKS PROPOSAL. WE BELIEVE IT IS SAFE TO RULE OUT THAT THEY DIDN'T UNDERSTAND WHAT WE HAD IN MIND. THE GO-AROUND ON RELATIVE RANK SUGGESTS THAT THEY ARE RELUCTANT TO HAVE THEIR STATE SECRETARY (NUMBER THREE IN THE MINISTRY) SIT ACROSS THE TABLE FROM OUR DEPUTY ASSISTANT IN ANYTHING THAT COULD BE CONSIDERED TO BE BILATERAL TALKS. BECAUSE, HOWEVER, THEY WANT THE VISIT TO TAKE PLACE - AND THAT IS CLEAR FROM FREQUENT EXPRESSIONS OF WELCOME - THEY ARE STICKING TO EVENTS IN WHICH THE PROTOCOL IS FUZZIER, AND IN WHICH DOWNEY MEETS DIRECTORS-GENERAL, WHICH THEY MAY CONSIDER HIM TO BE. SECONDLY, BY AVOIDING FIXED-AGENDA TALKS, THEY MAY BE TRYING TO SAVE SOMETHING FOR BEIL TO DO IN THE US. LASTLY, THEY HAVE PROBABLY HAD AN IDEA SINCE MIDSUMMER HOW THEY WANT TO HANDLE THE VISIT OF A "SENIOR US TRADE OFFICIAL" TO LEIPZIG AND HAVE NO STRONG INCENTIVE TO REARRANGE THINGS NOW.

7. WE BELIEVE THE DOWNEY VISIT AS ENVISIONED BY THE GDR WILL BE A USEFUL CONTRIBUTION TO DEVELOPMENT OF OUR CONTACTS AND RELATIONSHIP WITH IMPORTANT SECTORS OF THE GDR TRADE BUREAUCRACY. WE RECOMMEND THAT WE PROCEED WITH PLANNING, IN WHICH CONNECTION WE PROPOSE THAT THE STATE AND PARTY WALKTHROUGH SUNDAY MORNING BE GREETED

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BY AMBASSADOR COOPER AND DOWNEY. AMBASSADOR COOPER WOULD ALSO PLAN TO ATTEND THE SUNDAY EVENING STATE RECEPTION WITH DOWNEY, LORIMER, AND GROVE. THE AMBASSADOR WOULD NOT PARTICIPATE IN ANY OTHER PARTS OF DOWNEY PROGRAM. WE HAVE REQUESTED HOTEL RESERVATIONS, AND MFT IS ASSISTING IN THIS REGARD. WE ENVISION THAT GROUP WOULD TRAVEL FROM EAST BERLIN TO LEIPZIG ON SATURDAY, AUGUST 30 BY AUTOMOBILE.COOPER

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